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1ST SESSION

S. 1228

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 21, 1995

Referred to the Committee on International Relations, and in addition to the Committee on Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

AN ACT

To deter investment in the development of Iran’s petroleum resources.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Iran Oil Sanctions Act
5 of 1995”.

1 **SEC. 2. FINDINGS.**

2 The Congress makes the following findings:

3 (1) The efforts of the Government of Iran to
4 acquire weapons of mass destruction and the means
5 to deliver them and its support of international ter-
6 rorism endanger the national security and foreign
7 policy interests of the United States and those coun-
8 tries with which it shares common strategic and for-
9 eign policy objectives.

10 (2) The objective of preventing the proliferation
11 of weapons of mass destruction and international
12 terrorism through existing multilateral and bilateral
13 initiatives requires additional efforts to deny Iran
14 the financial means to sustain its nuclear, chemical,
15 biological, and missile weapons programs.

16 **SEC. 3. DECLARATION OF POLICY.**

17 The Congress declares that it is the policy of the
18 United States to deny Iran the ability to support inter-
19 national terrorism and to fund the development and acqui-
20 sition of weapons of mass destruction and the means to
21 deliver them by limiting the development of petroleum re-
22 sources in Iran.

23 **SEC. 4. IMPOSITION OF SANCTIONS.**

24 (a) IN GENERAL.—Except as provided in subsection
25 (d), the President shall impose one or more of the sanc-
26 tions described in section 5 on a person subject to this

1 section (in this Act referred to as a “sanctioned person”),
2 if the President determines that the person has, with ac-
3 tual knowledge, on or after the date of enactment of this
4 Act, made an investment of more than \$40,000,000 (or
5 any combination of investments of at least \$10,000,000
6 each, which in the aggregate exceeds \$40,000,000 in any
7 12-month period), that significantly and materially con-
8 tributed to the development of petroleum resources in
9 Iran.

10 (b) PERSONS AGAINST WHICH THE SANCTIONS ARE
11 TO BE IMPOSED.—The sanctions described in subsection
12 (a) shall be imposed on any person the President deter-
13 mines—

14 (1) has carried out the activities described in
15 subsection (a);

16 (2) is a successor entity to that person;

17 (3) is a person that is a parent or subsidiary
18 of that person if that parent or subsidiary with ac-
19 tual knowledge engaged in the activities which were
20 the basis of that determination; and

21 (4) is a person that is an affiliate of that per-
22 son if that affiliate with actual knowledge engaged
23 in the activities which were the basis of that deter-
24 mination and if that affiliate is controlled in fact by
25 that person.

1 (c) PUBLICATION IN FEDERAL REGISTER.—The
 2 President shall cause to be published in the Federal Reg-
 3 ister a current list of persons that are subject to sanctions
 4 under subsection (a). The President shall remove or add
 5 the names of persons to the list published under this sub-
 6 section as may be necessary.

7 (d) EXCEPTIONS.—The President shall not be re-
 8 quired to apply or maintain the sanctions under subsection
 9 (a)—

10 (1) to products or services provided under con-
 11 tracts entered into before the date on which the
 12 President publishes his intention to impose the sanc-
 13 tion; or

14 (2) to medicines, medical supplies, or other hu-
 15 manitarian items.

16 **SEC. 5. DESCRIPTION OF SANCTIONS.**

17 The sanctions to be imposed on a person under sec-
 18 tion 4(a) are as follows:

19 (1) EXPORT-IMPORT BANK ASSISTANCE FOR
 20 EXPORTS TO SANCTIONED PERSONS.—The President
 21 may direct the Export-Import Bank of the United
 22 States not to guarantee, insure, extend credit, or
 23 participate in the extension of credit in connection
 24 with the export of any goods or services to any sanc-
 25 tioned person.

1 (2) EXPORT SANCTION.—The President may
2 order the United States Government not to issue
3 any specific license and not to grant any other spe-
4 cific permission or authority to export any goods or
5 technology to a sanctioned person under—

6 (A) the Export Administration Act of
7 1979;

8 (B) the Arms Export Control Act;

9 (C) the Atomic Energy Act of 1954; or

10 (D) any other statute that requires the
11 prior review and approval of the United States
12 Government as a condition for the exportation
13 of goods and services, or their re-export, to any
14 person designated by the President under sec-
15 tion 4(a).

16 (3) LOANS FROM UNITED STATES FINANCIAL
17 INSTITUTIONS.—The United States Government
18 may prohibit any United States financial institution
19 from making any loan or providing any credit to any
20 sanctioned person in an amount exceeding
21 \$10,000,000 in any 12-month period (or two or
22 more loans of more than \$5,000,000 each in such
23 period) unless such person is engaged in activities to
24 relieve human suffering within the meaning of sec-

1 tion 203(b)(2) of the International Emergency Eco-
2 nomic Powers Act.

3 (4) PROHIBITIONS ON FINANCIAL INSTITU-
4 TIONS.—The following prohibitions may be imposed
5 against financial institutions sanctioned under sec-
6 tion 4(a):

7 (A) DESIGNATION AS PRIMARY DEALER.—
8 Neither the Board of Governors of the Federal
9 Reserve System nor the Federal Reserve Bank
10 of New York may designate, or permit the con-
11 tinuation of any prior designation of, such fi-
12 nancial institution as a primary dealer in
13 United States Government debt instruments.

14 (B) GOVERNMENT FUNDS.—Such financial
15 institution shall not serve as agent of the
16 United States Government or serve as reposi-
17 tory for United States Government funds.

18 **SEC. 6. ADVISORY OPINIONS.**

19 The Secretary of State may, upon the request of any
20 person, issue an advisory opinion, to that person as to
21 whether a proposed activity by that person would subject
22 that person to sanctions under this Act. Any person who
23 relies in good faith on such an advisory opinion which
24 states that the proposed activity would not subject a per-
25 son to such sanctions, and any person who thereafter en-

1 gages in such activity, may not be made subject to such
2 sanctions on account of such activity.

3 **SEC. 7. DURATION OF SANCTIONS; PRESIDENTIAL WAIVER.**

4 (a) DELAY OF SANCTIONS.—

5 (1) CONSULTATIONS.—If the President makes a
6 determination described in section 4(a) with respect
7 to a foreign person, the Congress urges the Presi-
8 dent to initiate consultations immediately with the
9 government with primary jurisdiction over that for-
10 eign person with respect to the imposition of sanc-
11 tions pursuant to this Act.

12 (2) ACTIONS BY GOVERNMENT OF JURISDIC-
13 TION.—In order to pursue such consultations with
14 that government, the President may delay imposition
15 of sanctions pursuant to this Act for up to 90 days.
16 Following such consultations, the President shall im-
17 mediately impose a sanction or sanctions unless the
18 President determines and certifies to the Congress
19 that the government has taken specific and effective
20 actions, including, as appropriate, the imposition of
21 appropriate penalties, to terminate the involvement
22 of the foreign person in the activities that resulted
23 in the determination by the President pursuant to
24 section 4(a) concerning such person.

1 (3) ADDITIONAL DELAY IN IMPOSITION OF
2 SANCTIONS.—The President may delay the imposi-
3 tion of sanctions for up to an additional 90 days if
4 the President determines and certifies to the Con-
5 gress that the government with primary jurisdiction
6 over the foreign person is in the process of taking
7 the actions described in paragraph (2).

8 (4) REPORT TO CONGRESS.—Not later than 90
9 days after making a determination under section
10 4(a), the President shall submit to the Committee on
11 Banking, Housing and Urban Affairs of the Senate
12 and the Committee on International Relations of the
13 House of Representatives a report which shall in-
14 clude information on the status of consultations with
15 the appropriate foreign government under this sub-
16 section, and the basis for any determination under
17 paragraph (3).

18 (b) DURATION OF SANCTIONS.—The requirement to
19 impose sanctions pursuant to section 4(a) shall remain in
20 effect until the President determines that the sanctioned
21 person is no longer engaging in the activity that led to
22 the imposition of sanctions.

23 (c) PRESIDENTIAL WAIVER.—(1) The President may
24 waive the requirement in section 4(a) to impose a sanction
25 or sanctions on a person in section 4(b), and may waive

1 the continued imposition of a sanction or sanctions under
2 subsection (b) of this section, 15 days after the President
3 determines and so reports to the Committee on Banking,
4 Housing, and Urban Affairs of the Senate and the Com-
5 mittee on International Relations of the House of Rep-
6 resentatives that it is important to the national interest
7 of the United States to exercise such waiver authority.

8 (2) Any such report shall provide a specific and de-
9 tailed rationale for such determination, including—

10 (A) a description of the conduct that resulted in
11 the determination;

12 (B) in the case of a foreign person, an expla-
13 nation of the efforts to secure the cooperation of the
14 government with primary jurisdiction of the sanc-
15 tioned person to terminate or, as appropriate, penal-
16 ize the activities that resulted in the determination;

17 (C) an estimate as to the significance of the in-
18 vestment to Iran's ability to develop its petroleum
19 resources; and

20 (D) a statement as to the response of the Unit-
21 ed States in the event that such person engages in
22 other activities that would be subject to section 4(a).

23 **SEC. 8. TERMINATION OF SANCTIONS.**

24 The sanctions requirement of section 4 shall no
25 longer have force or effect if the President determines and

1 certifies to the appropriate congressional committees that
2 Iran—

3 (1) has ceased its efforts to design, develop,
4 manufacture, or acquire—

5 (A) a nuclear explosive device or related
6 materials and technology;

7 (B) chemical and biological weapons; or

8 (C) ballistic missiles and ballistic missile
9 launch technology; and

10 (2) has been removed from the list of state
11 sponsors of international terrorism under section
12 6(j) of the Export Administration Act of 1979.

13 **SEC. 9. REPORT REQUIRED.**

14 The President shall ensure the continued transmittal
15 to Congress of reports describing—

16 (1) the nuclear and other military capabilities
17 of Iran, as required by section 601(a) of the Nuclear
18 Non-Proliferation Act of 1978 and section 1607 of
19 the National Defense Authorization Act, Fiscal Year
20 1993; and

21 (2) the support provided by Iran for acts of
22 international terrorism, as part of the Department
23 of State's annual report on international terrorism.

24 **SEC. 10. DEFINITIONS.**

25 As used in this Act:

1 (1) APPROPRIATE CONGRESSIONAL COMMIT-
2 TEES.—The term “appropriate congressional com-
3 mittees” means the Committees on Banking, Hous-
4 ing, and Urban Affairs and Foreign Relations of the
5 Senate and the Committees on Banking and Finan-
6 cial Services and International Relations of the
7 House of Representatives.

8 (2) FINANCIAL INSTITUTION.—The term “fi-
9 nancial institution” includes—

10 (A) a depository institution (as defined in
11 section 3(c)(1) of the Federal Deposit Insur-
12 ance Act), including a branch or agency of a
13 foreign bank (as defined in section 1(b)(7) of
14 the International Banking Act of 1978);

15 (B) a credit union;

16 (C) a securities firm, including a broker or
17 dealer;

18 (D) an insurance company, including an
19 agency or underwriter;

20 (E) any other company that provides fi-
21 nancial services; or

22 (F) any subsidiary of such financial insti-
23 tution.

24 (3) INVESTMENT.—The term “investment”
25 means—

1 (A) the entry into a contract that includes
2 responsibility for the development of petroleum
3 resources located in Iran, or the entry into a
4 contract providing for the general supervision
5 and guarantee of another person's performance
6 of such a contract;

7 (B) the purchase of a share of ownership
8 in that development; or

9 (C) the entry into a contract providing for
10 participation in royalties, earnings, or profits in
11 that development, without regard to the form of
12 the participation.

13 (4) PERSON.—The term “person” means a nat-
14 ural person as well as a corporation, business asso-
15 ciation, partnership, society, trust, any other non-
16 governmental entity, organization, or group, and any
17 governmental entity operating as a business enter-
18 prise, and any successor of any such entity.

19 (5) PETROLEUM RESOURCES.—The term “pe-
20 troleum resources” includes petroleum and natural
21 gas resources.

22 **SEC. 11. APPLICATION OF THE ACT TO LIBYA.**

23 The sanctions of this Act, including the terms and
24 conditions for the imposition, duration, and termination
25 of sanctions, shall apply to persons making investments

1 for the development of petroleum resources in Libya in
2 the same manner as those sanctions apply under this Act
3 to persons making investments for such development in
4 Iran.

Passed the Senate December 20, 1995.

Attest: KELLY D. JOHNSTON,
Secretary.